

## STUMPAGE PAYMENT

State Timber will not be removed from any sale area until paid for, unless otherwise specifically authorized by the Department forester administering the sale.

Advance payment is required unless otherwise specifically authorized. When the payment is exhausted, hauling will be stopped until another advance payment is received.

Where the "ticket" method to report the volume of wood hauled is used, tickets will be purchased in advance of hauling unless otherwise specifically authorized. The price charged per ticket should be a weighted cordwood price and average load volume. Periodically, ledgers must be reconciled to accommodate for more or less than the actual value received and/or volume tallied.

On all sales, all wood will be paid for prior to hauling. County forests may elect not to require advance stumpage payments. In order to maintain accountability, it is recommended that increased level of performance bonds be required, i.e. 25%.

Effective January 1, 2004 through January 1, 2006, logging contractors not included on the Advance Payment-only Logging Contractor List (available electronically from the County Forest Specialist, Madison), shall be afforded the option of deferred payment. Under this option, payment shall be received at the payment lock box in Milwaukee or by the DNR forester within 30 days of billing. This option does not apply to lump sum sales, firewood or miscellaneous forest products.

\*This shall apply to all sales sold during the two year time frame and any extensions, even if beyond the 1/1/2006 date. It shall not apply to sales sold prior to Nov. 1, 2003 or any extensions thereof.

Late payments – failure to pay within the 30-day period shall result in:

- The contractor being required to prepay for stumpage on the remainder of that sale.
- The payment breach being documented by forwarding the contractor's name to the County Forest Specialist, Madison. The contractor's name will be kept on file and any further payment breaches within the next 2 year period will result in the contractor being placed on an Advance Pay-Only List and having to advance pay on all state sales. A contractor will be removed from this list when they have exhibited compliance on State timber sales over a two year time frame. A contractor is deemed "compliant" if they have no more than one payment breach over a floating two year time frame.
- A 1.5% every 30 day late interest penalty being assessed on stumpage due. – e.g. payment on day 40 of a \$5000.00 bill would be 10 days late. Late interest would be \$25.00 calculated as follows: \$5000.00 x .015 x 10/30 days = \$25.00. The late interest fee would be added to the balance due in the sale ledger.
- Suspension of logging activity on that particular sale until advanced stumpage payment is secured.

\*See 87-21 for sample notification letter and 87-22 for sample letter to be used when billing for late interest.

County County Forest may require advanced stumpage or elect to receive deferred payments, at their discretion.

### Sales Tax on Stumpage

Collection of sales tax on sales of all items from DNR lands is covered in M.C. [9340.2](#). The following instructions expand on those general guidelines and provide specific information on timber sales.

State Firewood

Firewood sales for residential use are not taxable. This is in line with sales tax exemption status for all other residential fuels and no sales tax exemption certificate is required.

All Other Timber Sales and Forest Products Permit

Sales of standing timber are subject to sales tax unless the operator meets one of the following exceptions:

1. Sales for Resale (Includes most sales of stumpage)  
Purchaser must apply to the Department of Revenue for exemption using the Wisconsin Resale Certificate Form and indicating "wholesale only" in the space for seller's permit number. However, no permit will be issued.
2. Sales to Manufacturers  
Purchaser must furnish Manufacturer's Exemption Certificate.

Applicable state and county sales tax should be collected and remitted with payment for forest products unless exempt as indicated above.